



August 11, 2015

Mr. Gerard Poliquin  
Secretary to the NCUA Board  
1775 Duke Street  
Alexandria, VA 22314

AUG18'15 PM 2:22 BOARD

Mr. Poliquin,

Please accept this letter on behalf of One Nevada Credit Union, and in support of NCUA's recent proposal to amend Part 723 of NCUA's Rules and Regulations. Any time NCUA proposes rule changes that provide even a modicum of regulatory relief, we will always be there to support the effort and always appreciate any opportunity to provide feedback related to the effort.

Leading up to the recession, One Nevada Credit Union had fashioned a relatively substantial MBL portfolio (approximately \$100 million which represented about 20% of the total loan portfolio at the time) consisting entirely of \$1 million to \$5 million commercial real estate loans. Although the portfolio created a few challenges for us during the recession, ONCU's involvement in MBLs did not become the catalyst for the credit union's demise (as the community bankers are currently warning). Notably, according to the FDIC, within the state of Nevada and during the period ranging from January 2008 through December 2014, a total of twelve banks had failed or had been acquired. Each of those banks had significant involvement with MBLs. ONCU made it through the recession while operating in, arguably, the most challenging real estate environment in the country.

ONCU's ability to successfully create and manage an MBL portfolio is undeniable and commercial real estate lending remains an integral part of our product mix and balance sheet management strategy. Any regulatory relief in this area will only help us enhance our service to our members and the Nevada community as a whole.

With regard to the current proposal, we feel that any effort to provide regulatory relief in this space should, ideally, include some meaningful adjustment to the FCU Act to raise the MBL cap. We applaud NCUA's continued support for such legislative reform to the Act, particularly Chairman Matz's recent testimony before the House Financial Services Subcommittee on Financial Institutions and Consumer Credit where NCUA restated its support for H.R. 1188, the Credit Union Small Business Jobs Creation Act.

The currently proposed adjustments to the FCU Rules and Regulations though, certainly represent very welcome improvements that will bring increased MBL flexibility to the industry.

We fully support NCUA's removal of prescriptive underwriting criteria and personal guarantee requirements. We understand and appreciate that these actions would eliminate the current complicated and relatively inefficient waiver process. As noted above, we generally limit our MBL loans to amounts between \$1 million and \$5 million. And these adjustments would enable us to more flexibly serve this "small business" section of the market.

More specifically though, with regard to the "single borrower concentration or loan-to-one-borrower limit," we respectfully suggest that NCUA base the concentration limit on the same criteria used for other loans, as mandated by the FCU Act (percentage of shares and undivided earnings) for ease of implementation and regulatory consistency. ONCU submits that this method would be much better for smaller credit unions with the ability to successfully and safely originate and manage MBLs. It would also be much easier for all credit unions to track and administer this requirement if it was consistent with the currently existing requirement.

We appreciate the opportunity to comment on this proposed regulation....and we appreciate the agency's willingness to amend Part 723 to provide any sort of regulatory relief for the credit union industry. While we strongly support this proposal, we encourage the agency to address the recommendations noted above. Please let me know if I can be a source of any further information in this letter.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'Paul Parrish', with a stylized, flowing script.

**Paul Parrish**

Chief Operations Officer

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